

retired Educator

WINTER 2004

SEMIANNUAL NEWSLETTER FOR CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM BENEFIT RECIPIENTS



CalSTRS Files Suit to Restore Retiree Funding

CALSTRS HAS FILED A LAWSUIT AGAINST THE STATE to restore a \$500 million contribution cut in Senate Bill 20x. The contribution supports supplemental payments made to approximately 63,000 retired educators and their survivors. These quarterly payments are made when inflation erodes a recipient's monthly benefit below 80 percent of its original consumer purchasing power.

Named as respondents in the suit by virtue of their official capacities are the Director of the California Department of Finance and the California State Controller.

The complaint seeks the invalidation of SB 20x because it provides no assurance the withheld amount will be returned and because the law's implementation will jeopardize the capability of CalSTRS to make the supplemental payments in the future to which members have contractual right.

While current supplemental benefit recipients and those in the near future will not be affected by the missed contribution, the Teachers' Retirement Board opposed SB 20x because of the long-term threat it presents to the program.

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CalSTRS Monthly Benefit Programs Exempt from Worries

THE STATE'S BUDGET DEFICIT AND ANEMIC STOCK MARKET returns have dramatically dominated the news for more than a year. It's natural to wonder what this crisis means to you and your pension. However, you can be assured that the state's fiscal situation and downturns in the stock market have no effect on your CalSTRS monthly retirement benefits.

CalSTRS is a defined benefit plan, which means the benefits are based on a formula set by law and are guaranteed for life. Your benefit amount depends on your age and service credit at

retirement and the highest average compensation you earned in either one or three school years.

You are assured of your monthly retirement benefit regardless of the amount of contributions and interest in your CalSTRS account. Other advantages of a defined benefit plan include:

- ▲ Members do not assume any risk from a poor investment market
- ▲ Benefits are predictable
- ▲ Benefits are based on pre-retirement income
- ▲ Longevity is rewarded

- ▲ Members cannot outlive benefits
- ▲ Members receive survivor and disability benefits

There is one CalSTRS program that has been affected by the state's fiscal condition, the purchasing power protection program. This program provides supplemental benefits to help retired members when inflation erodes the consumer value of their pension. In order to reduce state expenditures in 2003–2004, the state reduced the contributions to this program by \$500 million. See the above story for details.



CEO Notes

BY JACK EHNES, CHIEF EXECUTIVE OFFICER

THE TEACHERS' RETIREMENT BOARD ADOPTED OUR NEW MISSION STATEMENT

knowing full well the commitment it makes to those we serve—you and your loved ones. We are dedicated to creating a rewarding and secure future for our members, as promised in that statement below.

We are actively seeking your guidance on how well we are serving you and what more we can do. Through surveys and focus groups we are hearing from you about your concerns as we tailor our services more closely to what you are telling us.

Providing more and better service will not help if those it's designed for don't know about it. Therefore, the challenge comes in reaching out to you, in letting you know that we understand you and have the resources and desire to help.

The answer to that challenge comes through powerful communications that express our mission and provide you with consistent, meaningful information you can use.

As part of that powerful communication initiative, in the coming months you'll see changes to our publications and other communications. One change you see in this issue of the *Retired Educator* is the new CalSTRS logo.



The logo is our acronym as an artistically altered typeface. The most noticeable feature in the logo is the towering T. That's because *Teachers* is the most important word in our name. That towering T also represents the *trust* you can have in CalSTRS. The color is a warm, energizing red.

Sometimes you'll see the logo accompanied by a question, "How will you spend your future?" This provocative question is there to

spark thoughts on what members can do for themselves, with our help, for a secure financial future.

Our new communication style is also evident in the CalSTRS Web site, which can now be found at the easy-to-remember address, www.calstrs.com. Users of the old Web address will continue to be redirected to this new one for quite some time, of course.

The new look of our communications is only the tip of the iceberg, the visual expression of our deep commitment to the quality, compassionate service you can depend on from your pension system.

Jack Ehnes

Mission Statement: *Securing the financial future and sustaining the trust of California's educators*

Medicare Premiums Increased January 1, 2004

IN MID-OCTOBER, THE FEDERAL DEPARTMENT OF HEALTH AND HUMAN SERVICES announced that Medicare premiums would be increasing effective January 1, 2004. The table below compares the 2003 and 2004 premiums.

If you have the Medicare Part B premium deducted from your retirement allowance, the new premium was reflected on the check you received around January 1, 2004. This is because the premiums are paid for each month ahead of time. Members who also have Medicare Part B surcharges deducted from their check will have a higher amount deducted each month than the premium shown in the chart below.

If you have already signed up for the CalSTRS Medicare Premium Payment Program, CalSTRS pays your Medicare Part A and/or deducts your Medicare Part B premiums.

If you are retired and age 65 or more you may qualify for this benefit. To ask questions about the Medicare Premium Payment Program or to find out if you qualify, please call CalSTRS at 1-800-228-5453.

For more information about Medicare benefits, please go to the Medicare Web site at www.medicare.gov or call 1-800-633-4227.

To enroll in Medicare, please call Social Security at 1-800-772-1213 or go to your local Social Security office.

	Through December 31, 2003	Beginning January 1, 2004
Medicare Part B	\$58.70/month	\$66.60/month
Medicare Part A	\$316/month	\$343/month
Medicare Part A with 30 to 39 Medicare credits	\$174/month	\$189/month
Covered employment required to earn one Medicare credit (maximum of 4 credits per year)	\$890/month (or \$3,560/year)	\$900/month (or \$3,600 per year)

Sixth Elk Hills Payment Secured

Thirty-six million dollars to compensate CalSTRS for the Elk Hills school lands was appropriated by the federal government.

Payments Provide Purchasing Power

Elk Hills payments go into the Supplemental Benefit Maintenance Account, which provides quarterly payments to older benefit recipients. These payments help eligible members keep pace with inflation by supplementing their monthly benefit to 80 percent of the purchasing power of their initial benefit payment.

Elk Hills History

The Elk Hills compensation was established when the federal government sold the Elk Hills Petroleum Reserve in 1997 for \$3.65 billion. Nine percent of the proceeds, or \$320 million, was earmarked for California's retired teachers as compensation for some school lands included in the Elk Hills property.

CalSTRS is slated to receive the \$320 million payment in seven annual installments. Although the Elk Hills payments were authorized in 1999, Congress must pass legislation each year to appropriate the money. This sixth installment of Elk Hills

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What Your Beneficiary Should Know

NO ONE LIKES TO THINK ABOUT DEATH, LET ALONE PLAN FOR IT. However, you want the peace of mind that comes from knowing your loved ones will receive all their CalSTRS benefits as quickly and easily as possible. That's why it's important that your beneficiary knows as much as possible about how to notify CalSTRS about your death and which documents we will request.

Benefits payable can be a one-time death benefit plus any contributions and interest still in your Defined Benefit and Defined Benefit Supplement accounts. These payments are in addition to an ongoing monthly benefit to your named option beneficiary, if you chose an option at your retirement.

Reporting a Death

CalSTRS should be notified as soon as possible after the death of a member. A contact person can notify CalSTRS either in writing or by phone.

For a smooth transition of benefits, CalSTRS will ask for the following information:

- ▲ The deceased person's name and Social Security number
- ▲ The date of death
- ▲ The name, address and telephone number of a contact person

Applying for Benefits

Our goal is to pay benefits within 45 days of receipt of all required documents. Applications can be taken over the phone. Call us to schedule a telephone interview with a CalSTRS Survivor Benefits caseworker. If the caseworker cannot reach your contact person by telephone, he or she will mail a beneficiary application packet to complete and return.

Documents Needed

We will notify your contact person about necessary documents.

What You Can Do to Prepare

It's a good idea to keep a file with your important CalSTRS papers and to let your loved ones know where these papers are kept. Your files should include:

- ▲ A copy of this article
- ▲ Your Social Security number
- ▲ The names of your beneficiaries (ideally, from your most recently filed one-time death benefit recipient form)

For More Information

This article is intended to help your loved ones be better prepared. For more information, listen to Teletalk messages 501, *How to report a death to CalSTRS* and 502, *What documentation is required for payment of a lump-sum death benefit?*

The CalSTRS phone number is 800-228-5453. To report a death or order forms, press 0 to speak to a Customer Service Representative. For Teletalk messages, press 2. You can also read Teletalk messages at www.calstrs.com.

A little planning now will give you peace of mind from knowing you've done all you can to take care of your loved ones.

Making the New Year a Little Less Taxing

Your 1099R is Now Online

THIS YEAR, THE INFORMATION ON YOUR 1099R WILL BE EASIER TO ACCESS BY GOING ONLINE. The 1099R is an IRS form that you need to do your taxes. It shows the payments you received from CalSTRS in 2003, as well as how much was withheld for taxes.

The form, which will be mailed in January, can now also be viewed and printed from the CalSTRS Web site. Just go to www.calstrs.com and login to *myCalSTRS*. Our goal is to have your 1099R available online by January 9th, so you may see it before it even arrives in your mailbox.



Need to Change Your Withholding?

AFTER YOU COMPLETE YOUR 2003 TAX RETURNS, you may want to change the federal or state withholding amounts deducted from your monthly benefit payment. To do so, complete a CalSTRS tax withholding form and return it by mail or fax to CalSTRS. You can get the form on the Web site, www.calstrs.com, or order it by telephone at 800-228-5453. Fax forms to CalSTRS at 916-229-3879.

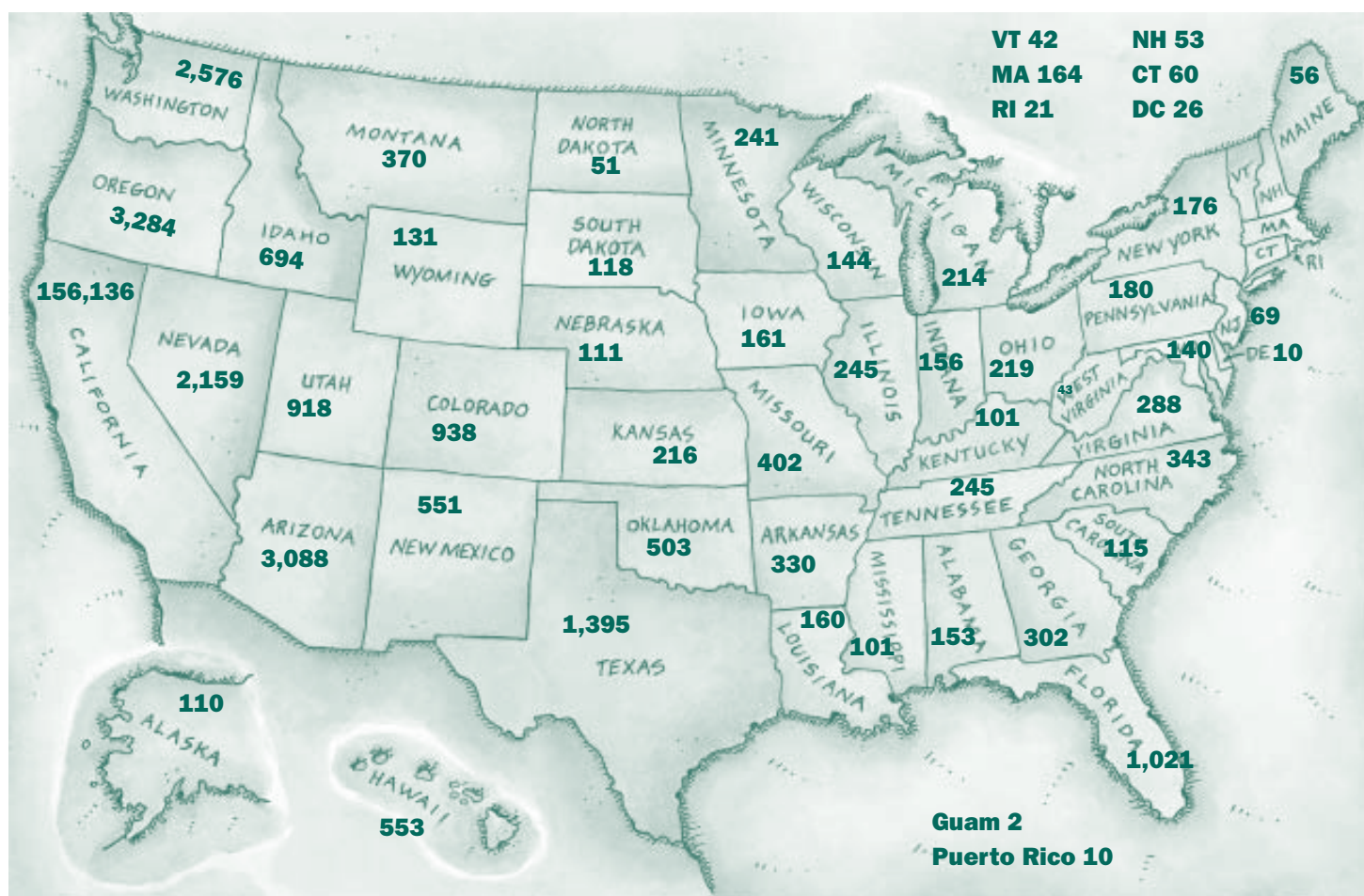
For Tax Information

If you have questions about your federal taxes or tax laws, you can contact the IRS at 1-800-829-1040 or at www.irs.gov.

For state tax information, contact the California State Franchise Tax Board at 1-800-852-5711 or www.ftb.ca.gov.

CalSTRS Retirees Like California Best

WHEN IT COMES TO CHOOSING WHERE TO LIVE AFTER RETIREMENT, most CalSTRS members say there's no place like home. The bulk of CalSTRS retired members and benefit recipients live in California. In fact, 87 percent, or 156,136, reside in the state. Nearby states also have a fair share of CalSTRS members with 3,284 living in Oregon, 3,088 in Arizona, 2,576 in Washington and 2,159 in Nevada. And island living suits a few of you. Two people live in Guam, ten live in Puerto Rico and 553 live in Hawaii. Texas is popular, too—1,395 CalSTRS retired members call the Lone Star State home.



Total = 179,917

2004 Pay Dates to Keep All Year

HERE ARE THE CALSTRS PAY DATES FOR THE UPCOMING YEAR.

These are the dates that your benefit check should be available electronically at your bank or in your mailbox.

What to Do if Your Check is Late

If your check is mailed to you and you have not received it by the 5th of the month, please call CalSTRS. In the event the electronic payment does not reach your bank, please verify with the bank that your payment has not been received before you contact CalSTRS. Normally, CalSTRS is notified by the bank in advance if a direct deposit is rejected. In those cases, CalSTRS mails a paper check to you shortly after payday.

Put Direct Deposit to Work for You

With Direct Deposit, no matter where you are, your money is right where you want it—in the bank. It is the safest, quickest and most reliable way to get your

money into your account each month. With direct deposit, there's no chance your check will be lost in the mail, stolen or forged. Most importantly, although this rarely happens, if your monthly payment fails to transfer, CalSTRS can replace your payment in a fraction of the time it takes to replace a paper check.

If you'd like to have your check electronically deposited in your bank account, please fill out the *Direct Deposit Authorization* form available by calling CalSTRS at 800-228-5453 (choose option 3) or downloading it from the CalSTRS Web site at www.calstrs.com.



CLIP AND SAVE



CalSTRS 2004 Pay Dates

C a l S T R S 2 0 0 4 P A Y D A T E S

January 30	June 1	October 1
March 1	July 1	November 1
April 1	July 30	December 1
April 30	September 1	January 3, 2005*

*Counts as income for the 2005 tax year.

Retired Teachers Honored for 4,000 Hours of Service

SAYING THAT RETIREMENT IS GOOD, BUT SERVICE IS SWEET, the president of the California Retired Teachers Association gave a symbolic check and boxes of See's candy to members of the CalSTRS board at their November meeting.

Eva Hain says the check represents 1.9 million hours of volunteer service reported by members of the California Retired Teachers Association. The donated hours are valued at more than \$30 million.

Hain's presentation was part of California Retired Teachers Week, which was celebrated November 9 through November 15.



Gary Lynes, chair of the Teachers' Retirement Board accepts a symbolic check from Eva Hain, CRTA president.

"Retired Teachers Week is an opportunity to honor retired teachers throughout the state, who give of their energy, their compassion and their time to volunteer in their local communities," Hain told board members.

Hundreds of members of the California Retired Teachers Association have reached 4,000 hours of volunteer service. One member has volunteered an incredible 27,000 hours over 27 years.

"Because teachers do have this ethos of helping—I think it's part of being a teacher—it carries over into other areas: at hospitals, libraries and various organizations like the Red Cross. Volunteering is part of who they are," noted Hain.

Hain adds that the purpose of California Retired Teachers Week is to inspire others. If you're interested in donating your time and talents, see *Lending a Helping Hand* below for some worthwhile ideas.

Lend A Helping Hand...

ARE YOU LOOKING FOR A WAY TO CONTRIBUTE TO YOUR COMMUNITY?

A way to use your talents, experience and skills to help others? Volunteering could be the answer. Volunteer opportunities are diverse and can be tailored to fit your interests and lifestyle.

What to Consider When Deciding to be a Volunteer

California communities have so many opportunities for volunteering that it may seem overwhelming. It's best to narrow the possibilities, taking into account what is right for

“Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed it is the only thing that ever has.”
— Margaret Mead

you. Here are a few hints that may direct you to the perfect volunteer opportunity.

Skills and Talents

Consider your special skills, talents and experience. How can you best

use them to teach, support, help and encourage others? Perhaps you are developing new skills and interests that you would like to pursue. Be sure to choose a volunteer opportunity that incorporates your unique talents and style.

Time Commitment

Are you looking for a volunteer position for just a few hours a week or a full-time commitment that may take a year? When thinking about volunteering, consider how much time you can devote on a regular

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basis and for what length of time. Some volunteer opportunities are very intense and require a commitment of a year or more, while others require a few hours per month.

Type of Service

What interests you? In what type of environment would you like to work... outdoors, office, classroom, museum? The choice is yours. Who would you like to work with... children, teenagers, elderly? Or maybe you would rather work in an administrative capacity. Determining what type of service you'd like to provide will help you choose a volunteer opportunity that is meaningful to you.

What's Next?

Now that you've considered some important points about volunteering, here are some organizations that would truly benefit from your participation.

Learn and Serve America

Service learning combines service to the community with learning. Examples include: preserving native plants, designing neighborhood playgrounds, teaching younger children to read, creating wheelchair ramps, preparing food for the homeless, developing urban community gardens, and much more.

www.learnandserve.org or
www.goserv.ca.gov
Sacramento: 916-323-7646

Habitat for Humanity

Through volunteer labor and donations of money and materials, Habitat builds and rehabilitates simple, decent houses with the help of the homeowners' sweat equity. Habitat houses are sold to the families at no profit, financed with affordable, no-interest loans.

www.habitat.org
San Francisco: 415-406-1555
Sacramento: 916-440-1215
Los Angeles: 213-975-9757

Senior Service Corps

In California, more than 31,000 seniors contribute their time, talents and skills in one of three programs: Foster Grandparents, who serve one-on-one with young people who have special needs; Senior Companions, who help other seniors live independently in their homes; and Retired and Senior Volunteer Program volunteers, who work with local groups to meet a wide range of community needs.

www.seniorcorps.org
916-323-7646
310-235-7709
ca@cns.gov or
reception@goserv.ca.gov

AARP

AARP enhances the quality of life for people 50 and older by promoting independence, dignity and

purpose. There are numerous volunteering possibilities in AARP's regional offices (mailings, meetings, special events and general office support), as well as community volunteering opportunities.

www.aarp.org
Pasadena: 626-585-9500
Sacramento: 916-446-2277

Big Brothers Big Sisters of America

Big Brothers and Big Sisters are friends to children, sharing everyday experiences and activities. This interaction has a direct and lasting positive influence on the children's lives and is a fulfilling experience for the volunteers.

www.bbbsa.org
Sacramento: 916-482-9300
Los Angeles: 213-481-3611
San Francisco: 415-693-7700

Catholic Big Brothers Big Sisters

Volunteer Catholic Big Brothers and Big Sisters are matched with children 7 to 15 years old in a one-to-one relationship. Volunteers serve as role models and friends to children and contribute to their well-being.

www.catholicbigbrothers.org
Los Angeles: 213-2511-9800
recruit@catholicbigbrothers.org

Remember, this is only a small sampling. You have much to offer and share and there are hundreds of organizations. To contact a local organization, check the phone book, Internet or toll-free directory assistance (1-800-555-1212)—most have a toll-free number. Often, your local United Way office can also help you connect with community organizations.

New Board Members Join Teachers' Retirement Board

RECENT LEGISLATION AND A NEW ADMINISTRATION in Sacramento have brought changes to the California State Teachers' Retirement Board.

For the first time, as the result of a new law, two board members, Dana Dillon of the Weed Union Elementary School District and Gary Lynes of the Hillsborough City School District, were directly elected by working members. A third position is elected by community college faculty. It has been filled by Carolyn Widener of the Los Angeles Community College Dis-

trict. She was the only candidate who qualified for the position.

Director of Finance Donna Arduin, appointed by Governor Arnold Schwarzenegger, has also joined the board by virtue of her position.

The board election law specifically provided that only the active member seats be filled by election. The Governor appoints a retired member of CalSTRS to the board and the Senate confirms the appointment. At the time the *Retired Educator* went to print, the Governor had not yet appointed anyone to this vacant position.

Call for Artists

We're looking for CalSTRS retired members to exhibit their artwork in the gallery at the CalSTRS office in Sacramento. This gallery space was specifically designed with the purpose of exhibiting artwork of CalSTRS members.

Exhibits last for three months and there is no set limit to the number of pieces an artist can submit. If you live outside the Sacramento area, arrangements can be made for the shipment of your work. If you are interested in exhibiting, please contact Robert Webster at CalSTRS for more information at (916) 229-4985 or at rwebster@calstrs.com.

All styles and media are welcome. Since the gallery uses only wall space, all work must arrive suitably prepared for hanging and cannot exceed 50 pounds or five feet in any direction. All work is insured while on display in the exhibit space. All pieces submitted must be identified with the artist's name, title, medium and price or insurance value if not for sale. No commission is taken on sales.

CalSTRS reserves the right to accept or reject for exhibit, all or in part, any work submitted where the acceptance or rejection would be in the best interest of CalSTRS.

LAWSUIT *cont. from page 1*

Therefore, the board sought a legislative solution to its objections to the law. Assembly Bill 265, authored by Assemblymember Gene Mullin (D-South San Francisco), would have resolved the board's concerns by providing full and certain return of the total payment. AB 265 did not leave the Senate Appropriations Committee by the end of the first half of the legislative session. CalSTRS will pursue the provisions of this bill in the session's second half this year. In the absence of a legislative solution, the Teachers' Retirement Board will continue to pursue litigation to ensure the contribution is made in full.

"We are disappointed to have to resort to litigation to restore this payment," said Gary Lynes, chair of the Teachers' Retirement Board.

"The board is sensitive to the state's very real budget difficulties. But in the end, our focus must be on California's educators—on what's best for them, not just now, not in the near term, but forever."

You can support CalSTRS in the effort for a legislative solution by letting your state legislators know how important this retirement benefit is for the educators of California's children.

Congress Continues to Consider Social Security Offset Changes

WHEN YOU WORKED IN CALSTRS-COVERED EMPLOYMENT, you didn't pay into Social Security. Some of you, though, earned a Social Security benefit through other employment or through your spouse's employment. However, if you receive a government pension from CalSTRS, any Social Security benefit will or would be reduced through federal law.

Your Social Security benefit can be reduced through either the Government Pension Offset or the Windfall Elimination Provision. The pension offset applies only if you receive a government pension and are eligible for Social Security benefits as a spouse or widow(er). The Windfall Elimination Provision may lower your retirement or disability benefits if you receive a pension from work not covered by Social Security.

In the last few years, Congress has been looking at the issue of Social Security offsets and federal legislation has been introduced that would either lower the offsets or eliminate them entirely, but so far no legislation has been passed.

In the 2003 legislative session, the Social Security Fairness Act of 2003 (H.R. 594), which would repeal the offset provisions entirely, was

introduced in the House by Representative Howard "Buck" McKeon (R-California). A companion bill, S. 349, was introduced in the U.S. Senate by Senator Diane Feinstein (D-California). At the time the *Retired Educator* went to print, H.R. 594 was in the House Subcommittee on Social Security and S. 349 was still in the Senate Committee on Finance.

CalSTRS will continue to monitor federal legislation involving offsets and provide updates in the *Retired Educator* and on the Web site at www.calstrs.com.

To learn more about the Social Security Government Pension Offset and the Windfall Elimination Provision, call Social Security at 800-772-1213 or view the publications on these offsets online at www.ssa.gov.

Retired Member Thinking About Returning?

If you are thinking about returning to CalSTRS-covered employment, you may have to take the California Basic Educational Skills Test.

You may need to retake the CBEST before having your credential reissued if:

- 1 You hold a life or clear credential that was issued prior to 1983 and
- 2 You have not been employed in a position requiring certification in any school district for 39 months or more

Your employer will let you know if you must take the CBEST. If you do, you can work in the classroom up to a year before taking the test. Your employer can answer your questions about CBEST exemptions.

ELK HILLS *cont. from page 3*

compensation brings the total compensation for CalSTRS and its retired members to \$216 million.

The Elk Hills appropriation is only a small part of the funding for supplemental payments. The program is mostly financed through California's general fund. (See the story on page 1 about this funding).

It's important to remember that the supplemental payments to eligible members are required by state law and will continue whether or not the federal appropriation is made each year.



HOW WILL YOU SPEND YOUR FUTURE?

P.O. Box 15275
Sacramento, CA 95851-0275

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HOW TO REACH US

Write CalSTRS at:

California State Teachers' Retirement System
P.O. Box 15275
Sacramento CA, 95851-0275

Call CalSTRS Public Service Office:

800-228-5453
916-229-3870
916-229-3541 for TDD

Fax CalSTRS at:

916-229-3879

Browse CalSTRS Web site at:

www.calstrs.com

*When contacting CalSTRS, be sure to
include your Social Security number.*

CalSTRS Mission Statement

Securing the financial future and sustaining the trust
of California's educators.

State of California

Arnold Schwarzenegger, Governor
Fred Aguiar, Secretary, State and Consumer
Services Agency

Teachers' Retirement Board

Dana Dillon
Gary Lynes, Chair
Carolyn Widener
Phil Angelides, State Treasurer
Donna Arduin, Director of Finance
Jack O'Connell, Superintendent of Public Instruction
Steve Westly, State Controller

Jack Ehnes, Chief Executive Officer
Christopher J. Ailman, Chief Investment Officer

Sherry Reser, Managing Editor
Kathy Boltz, Editor

Statements in this publication are general and the Teachers' Retirement Law is complex and specific. If a conflict arises between information contained in this publication and the law, any decisions will be based on the law.

The *Retired Educator* is published twice a year for retired members and benefit recipients of the California State Teachers' Retirement System. Comments or suggestions may be directed to: Editor, Public Affairs, MS #34, P.O. Box 15275, Sacramento, CA 95851



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